

REMARKS

The present submission is provided in conjunction with a Request for Continued Examination (RCE) pursuant to 37 CFR 1.114, a copy of which is enclosed. The RCE is submitted in response to the Final Office Action of January 16, 2004, and in view of the Advisory Action of June 29, 2004 in which claims 1-6, 8, 12, and 14-16 have been rejected under 35 U.S.C. 103(a) as allegedly being unpatentable over U.S. Patent No. 6,341,271 to Salvo et al (Salvo). Claims 1, 4, and 16 have been amended and claims 2 and 5 have been canceled, leaving claims 1, 3, 4, 6, 8, 12, and 14-16 for consideration. For the following reasons, the Applicant traverses the rejections presented and submit that the application is in condition for allowance. Reconsideration and withdrawal of the rejections is respectfully requested.

Rejections under 35 U.S.C. 103(a)

Claims 1-6, 8, 12, and 14-16 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Salvo. Specifically, the Examiner asserts that Salvo discloses a method and storage medium for managing inventory supply in a network environment comprising: receiving a signal from a sensor device 108 at a buyer system, said signal indicating that a minimum level specified for a product used in a manufacturing location has been reached, said level measured by an on-hand quantity of said product; receiving a demand note from said buyer system requesting restocking of said product, wherein said demand note was created in response to said signal and includes a requested quantity, see Abstract. The Examiner further alleges that Salvo discloses querying a local inventory database for a supply availability status in response to said demand note; transmitting

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said demand note to a local inventory system for said restocking of said product when said querying a local inventory database indicates that said requested quantities of said product is locally available at said buyer system, wherein said inventory maybe transported to point of use via the on-site transport vehicles. In addition, the Examiner asserts that Salvo further discloses the step of querying a vendor inventory system for said supply availability status when said querying a local inventory database indicates that said requested quantity of said product is not locally available at said buyer system; transmitting a purchase order to said vendor inventory system when said querying a vendor inventory system indicates that said requested quantity of said product is available from a storage location associated with said vendor, said purchase order including said product and said requested quantity. While the Examiner concedes that Salvo lacks a description of transmitting the purchase order to a factory if supply levels at the vendor are insufficient, she submits that it would have been obvious to one having ordinary skill in the art at the time the invention was made to transmit a purchase order to a factory if the vendor inventory is insufficient, since the examiner takes Official Notice that vendors employ the use of factories to create materials from which to store inventory at a vendor's to be used by various customers of the vendor, and the step of including such purchase order to a factory if the conditions at the vendor's warranted it, would be within the level of ordinary skill in the art. Regarding claims 14 and 15, the Examiner asserts that Salvo discloses the use of a tracking system to monitor the progress of the inventory delivery. The Applicant respectfully disagrees with the Examiner's position for the following reasons.

For an obviousness rejection to be proper, the Examiner must meet the burden of establishing that all elements of the invention are disclosed in the prior art; that the prior art relied upon, coupled with knowledge generally available in the art at the time of the invention, must contain some suggestion or incentive that would have motivated the skilled artisan to modify a reference or combined references; and that the proposed modification of the prior art must have had a reasonable expectation of success, determined from the vantage point of the skilled artisan at the time the invention was made. *In re Fine*, 5 U.S.P.Q.2d 1596, 1598 (Fed. Cir. 1988); *In Re Wilson*, 165 U.S.P.Q. 494, 496 (C.C.P.A. 1970).

The prior art references relied upon by the Examiner do not teach or suggest all of the claim limitations. See MPEP § 2143. Specifically, the references neither teach nor suggest:

“managing inventory supply in a network environment, comprising:

receiving a signal from a sensor device at a buyer system, said *signal* indicating that a minimum level specified for a product used in a manufacturing location has been reached;

wherein said level is:

set by an adopted business rule; and

measured by an on-hand quantity of said product;

receiving a demand note from said buyer system requesting restocking of said product, wherein said *demand note* was created in response to said *signal* and includes a requested quantity;

querying a local inventory database for a supply availability status *in response to said demand note*;

transmitting said demand note to a local inventory system for said restocking of said product when said querying a local inventory database indicates that said requested quantity of said product is locally available at said buyer system;

querying a vendor inventory system for said supply availability status when said querying a local inventory database indicates that said requested quantity of said product is not locally available at said buyer system;

transmitting a purchase order to said vendor inventory system when said querying a vendor inventory system indicates that said requested quantity of said product is available from a storage location associated with said vendor, said purchase order including said product and said requested quantity; and

transmitting said purchase order to a factory for manufacture of said product when said querying a vendor inventory system indicates that said requested quantity is not available from a storage location associated with said vendor."

Notwithstanding the Examiner's arguments, the Applicant has amended claims 1, 4, and 16 in a non-narrowing manner to better clarify that which is regarded as the invention. Specifically the Applicant has canceled claims 2 and 5 and has incorporated these limitations into claims 1, 4, and 16.

The Applicant submits that Salvo is drawn to an invention that simply detects an amount of inventory, and fails to disclose a system that determines whether the amounts

of the inventory are less than a predetermined minimum level of the inventory that is set by adopted business rules. Support for this may be found throughout the cited reference. For example, the Abstract recites a system that "automatically monitors inventory amounts, provides information concerning inventory, and decides if an order for replacement inventory should be placed....an indicator for monitoring and reporting the level of current inventory...[and] gathering information about the current inventory and deciding whether and when replacement inventory should be ordered" (Salvo Abstract) (emphasis added). In column 5, lines 1-10, Salvo further teaches "[t]he on-site storage areas and receptacles transmit their *amount signals* to the site controller 112. Thus, the site controller 112 receives *inventory amount signals* ... and forwards these signals over time to the control unit 114, as the processor 102 forms articles from the inventory 150 and the *amounts within the receptacles* 104 drop. Accordingly, the control unit 114 *determines the amount of inventory used over time*, can estimate future use, and determine if an inventory order is needed" (emphasis added).

Measuring and monitoring amounts of inventory as recited in Salvo is not equivalent to composite inventory management activities recited in the instant application. Unlike the 'measurement' activities conducted in the Salvo reference, the inventory replenishment activities conducted in the Applicant's invention include utilizing adopted business rules in conjunction with a sensor monitor to determine when and how replenishment will take place. The combined application of the business rules and sensor in the Applicant's invention add a logic component to the replenishment activities not found in the prior art. For example, the monitoring in Salvo may determine a current level of inventory remaining in a production environment. A decision is made

based upon the quantity whether to replenish the inventory based upon the amount used or remaining. Unlike the Salvo reference, the application of the business rules applied to the inventory data derived from the sensor may or may not result in an inventory replenishment activity until a pre-determined threshold (i.e., minimum level) has been reached. Thus, a manufacturing device with 20% remaining inventory may not be replenished before a second manufacturing device with 50% remaining inventory due to the specific business rules adopted for implementing replenishment.

Further, utilizing a minimum and maximum threshold for initiating replenishment, a purchasing entity is able to defer replenishment when the minimum threshold is on a higher side of the threshold range. For example, assume that a threshold range is set at 30-50% for replenishment whereby 30% is the absolute low end of the threshold as determined by business rules. If costs of materials have temporarily increased and the current available inventory is determined to be at 50%, then the business rules allow for a deferral for replenishment for a period of time until the minimum threshold of 30% has been reached). Likewise, a maximum level set by business rules may determine the extent of replenishment. Because these activities are governed by business rules, they are inherently customizable and modifiable as needed. Clearly, Salvo does not teach or disclose these features.

The Applicant further submits that Salvo does not teach that the order is transferred to any one of a 'buyer system', a 'vendor inventory system' and 'a factory' based on whether a quantity of the product is sufficient in the 'buyer system' or 'a storage location associated with said vendor'. The Examiner asserts that Salvo does, in fact, recite transmitting an order to alternate locations. While Salvo does disclose querying the

on-site inventory areas in an attempt to delivery inventory to the manufacturing site in response to signals generated by the amount indicators (col. 4, lines 59-67-col. 5, lines 1-10), these activities do not occur in response to "receiving a signal from a sensor device at a buyer system, said *signal indicating that a minimum level specified for a product used in a manufacturing location has been reached; wherein said level is: set by an adopted business rule; and measured by an on-hand quantity of said product*; receiving a demand note from said buyer system requesting restocking of said product, wherein said *demand note was created in response to said signal* and includes a requested quantity; and querying a local inventory database for a supply availability status *in response to said demand note*" as disclosed in Applicant's amended claims 1, 4 and 16 (emphasis added).

Applicant submits that amended independent claims 1, 4 and 16 are in condition for allowance. Claims 3, 12, 14, and 15 depend from what is now an allowable claim 1 and, for at least this reason, claims 3, 12, 14 and 15 should now be in condition for allowance. Claim 6 depends from what is now an allowable claim 4 and, for at least this reason, claim 6 should now be in condition for allowance. Claim 8 depends from what is now an allowable claim 16 and, for at least this reason, claim 8 should now be in condition for allowance.

In view of the foregoing remarks, Applicant submits that this application is in condition for allowance. Early notification to this effect is requested. If there are any charges due in connection with this response, please charge them to Deposit Account 06-1130 maintained by Applicant's Attorney.

Respectfully submitted,

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